

PRESBYTERIAN FOUNDATION OF BOULDER
dba FaithBridge Foundation
FINANCIAL STATEMENTS
DECEMBER 31, 2019

PRESBYTERIAN FOUNDATION OF BOULDER
dba FaithBridge Foundation

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December 31, 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Presbyterian Foundation of Boulder
Boulder, Colorado

We have audited the accompanying financial statements of Presbyterian Foundation of Boulder, dba FaithBridge Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Presbyterian Foundation of Boulder, dba FaithBridge Foundation, as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's 2018 financial statements, and we expressed an unmodified audit opinion on those audited statements in our report dated June 6, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

MIDDLEMIST, CROUCH & CO., CPA's, P.C.

Middlemist Crouch & Company, CPA's PC
Boulder, Colorado
June 8, 2020

FINANCIAL STATEMENTS

PRESBYTERIAN FOUNDATION OF BOULDER
 dba FaithBridge Foundation
 Statement of Financial Position
 December 31, 2019

(with summarized financial information for the year ended December 31, 2018)

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 111,418	\$ 79,207
Investments	177,470	170,522
Contributions receivable	-	2,340
Prepaid expenses	1,273	1,196
Total current assets	\$ 290,161	\$ 253,265
OTHER ASSETS		
Beneficial interest in assets held for FPC	320,502	437,864
Total other assets	\$ 320,502	\$ 437,864
NON-CURRENT ASSETS		
Restricted investments - endowment	204,454	181,656
Restricted cash - board restricted	985	985
Donor advised funds	599,438	291,122
Total non-current assets	\$ 804,877	\$ 473,763
TOTAL ASSETS	\$ 1,415,540	\$ 1,164,892
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 1,320	\$ 979
Total current liabilities	1,320	979
NON-CURRENT LIABILITIES		
Beneficial interest in assets held for FPC	320,502	437,864
Total non-current liabilities	\$ 320,502	\$ 437,864
NET ASSETS		
Without donor restrictions	726,195	402,831
With donor restrictions	367,523	323,218
Total net assets	\$ 1,093,718	\$ 726,049
TOTAL LIABILITIES AND NET ASSETS	\$ 1,415,540	\$ 1,164,892

See accompanying notes to financial statements.

PRESBYTERIAN FOUNDATION OF BOULDER
 dba FaithBridge Foundation
 Statement of Activities
 For the year ended December 31, 2019
 (with summarized financial information for the year ended December 31, 2018)

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2019 Total	2018 Total
Revenue and support				
Contributions	\$ 254,500	\$ 900	\$ 255,400	\$ 8,240
Management fee income	7,904		7,904	7,559
Investment income	83,485	59,487	142,972	(46,625)
Total support and revenue	<u>345,889</u>	<u>60,387</u>	<u>406,276</u>	<u>(30,826)</u>
Net assets released from restrictions	10,160	(10,160)	-	-
Expenses				
Program services -				
Grants	2,600	-	2,600	3,850
Supporting services -				
General and administrative	<u>30,084</u>	<u>5,922</u>	<u>36,006</u>	<u>29,629</u>
Total expenses	<u>32,684</u>	<u>5,922</u>	<u>38,606</u>	<u>33,479</u>
Changes in net assets	323,365	44,305	367,670	(64,305)
NET ASSETS--BEGINNING OF YEAR	<u>402,830</u>	<u>323,218</u>	<u>726,048</u>	<u>790,354</u>
NET ASSETS--END OF YEAR	<u>\$ 726,195</u>	<u>\$ 367,523</u>	<u>\$ 1,093,718</u>	<u>\$ 726,049</u>

See accompanying notes to financial statements.

PRESBYTERIAN FOUNDATION OF BOULDER

dba FaithBridge Foundation

Statement of Cash Flows

For the year ended December 31, 2019

(with summarized financial information for the year ended December 31, 2018)

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 367,670	\$ (64,305)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized/Unrealized Loss	124,072	76,659
Changes in operating assets and liabilities -		
Decrease (increase) in contributions receivable	2,340	(2,340)
(Increase) decrease in prepaid expenses	(77)	210
Increase in payables and accrued liabilities	341	855
Net cash provided by operating activities	<u>494,347</u>	<u>11,079</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
(Increase) decrease in restricted cash	(308,316)	26,426
Sale and purchase of investments, net	<u>(153,820)</u>	<u>(25,905)</u>
Net cash (used) by investing activities	<u>(462,136)</u>	<u>521</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	32,211	11,599
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>79,207</u>	<u>67,608</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 111,418</u>	<u>\$ 79,207</u>

See accompanying notes to financial statements.

PRESBYTERIAN FOUNDATION OF BOULDER
dba FaithBridge Foundation
Notes to Financial Statements
December 31, 2019

NOTE 1 - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Presbyterian Foundation of Boulder (the "Foundation") was established in late 2008 and adopted the Standards of the Evangelical Council for Financial Accountability. Its mission is to encourage, accept, monitor and administer gifts given joyfully for the glory of God. The Foundation's purpose is threefold: to encourage and promote stewardship and charitable giving; to provide a vehicle for planned charitable giving; and to provide funds for Christian ministries and the dissemination of the Christian Gospel.

On October 1, 2013, the Organization changed its name to Presbyterian Foundation of Boulder, dba FaithBridge Foundation.

Basis of Accounting

The Foundation maintains its accounting records on the accrual basis of accounting whereby revenues are recorded when earned and expenses recorded when the obligation is incurred.

Basis of Presentation

The Foundation reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets without Donor Restrictions – These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving income from investments, less expenses incurred in providing program related services, raising contributions, and performing administrative functions.

Net Assets with Donor Restrictions – These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted.

Allowance for Bad Debts

No provision has been made for uncollectable accounts, as management considers all accounts to be currently collectable.

Property and Equipment

All property and equipment is stated at cost, or if donated, at the fair value at the date of transfer. Depreciation is computed using the straight-line method over the estimated useful life. Additions and improvements over \$500 and with a useful life greater than one year are capitalized. Ordinary maintenance and repair expenses are expensed as incurred.

Contributions

Contributions received are recorded as increases in net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial investments.

PRESBYTERIAN FOUNDATION OF BOULDER
dba FaithBridge Foundation
Notes to Financial Statements
December 31, 2019

NOTE 1 - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES-continued

Investments

Investments are stated at the readily determinable fair market value in accordance with the Not-for-Profit Entities topic of the FASB Accounting Standards Codification. All interest, dividends and realized and unrealized gains and losses are reported in the statement of activities as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law.

Fair Value Measurements

The fair value of financial assets and liabilities is measured according to the Fair Value Measurements and disclosures topic of the FASB Accounting Standards Codification. Fair value is required to be evaluated and adjusted according to the following valuation techniques.

Level 1 – Fair value is determined using quoted market prices in active markets for identical assets and liabilities.

Level 2 – Fair value is determined using quoted market prices in active markets for similar assets and liabilities, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant inputs are observable in the market for substantially the full term of the assets or liabilities.

Level 3 – Fair value is determined using inputs that are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The market for assets and liabilities using level 3 measures is typically inactive.

Income Taxes

The Foundation is exempt from income tax under Section 501(C)(3) of the Internal Revenue Code and has been classified as an organization other than a private foundation under Section 509(a). As such, donors are entitled to a charitable deduction for their contributions to the Foundation.

The Foundation files Form 990 in the U.S. federal jurisdiction. The Foundation is generally no longer subject to examination by the Internal Revenue Service for years before 2016.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - PROPERTY AND EQUIPMENT

Website	\$ 773
Accumulated depreciation	(773)
Net property and equipment	<u>\$ -</u>

NOTE 3 - CONTRIBUTIONS RECEIVABLE

The Foundation had no contributions receivable at December 31, 2019. No provision has been made for uncollectable contributions receivable as management considers all receivables to be currently collectable. Uncollectable receivables are expensed on an individual basis when they are deemed to no longer be collectable

PRESBYTERIAN FOUNDATION OF BOULDER
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 December 31, 2019

NOTE 4 – INVESTMENTS

Investments at December 31, 2019, were measured using Level 1 inputs and consisted of the following:

	Cost	Fair Market Value	Unrealized Gain (Loss)
Short-term investments	\$ 59,118	\$ 59,118	\$ -
Equity funds	499,374	585,657	86,283
Fixed income fund	297,373	304,523	7,150
Mutual funds	83,273	91,182	7,909
	<u>\$ 939,138</u>	<u>\$ 1,040,481</u>	<u>\$ 101,342</u>

Investment income for the years ended December 31, consisted of the following:

	2019	2018
Interest and Dividends	\$ 18,779	\$ 15,688
Capital Gain Distributions	10,057	14,345
Realized Gain(Loss)	12,674	4,561
Unrealized Gain(Loss)	101,342	(81,219)
Net Investment Income	<u>\$ 142,852</u>	<u>\$ 46,625</u>

NOTE 5 - NET ASSETS

The Foundation's net assets with restrictions at December 31, 2019 represent donor restricted contributions that are available for the following purposes:

	Beginning Balance at 12/31/18	Additions	Investment Income (Loss)	Expenditures	Ending Balance at 12/31/19
University Ministries	\$ 19,428	\$ 300	\$ 2,073	\$ (298)	\$ 21,503
Missions	31,826	-	6,120	(596)	37,350
Capital Projects	90,308	600	14,895	(1,587)	104,216
Endowment	181,656	-	26,239	(3,441)	204,454
	<u>\$ 323,218</u>	<u>\$ 900</u>	<u>\$ 49,327</u>	<u>\$ (5,922)</u>	<u>\$ 367,523</u>

NOTE 6 - CONCENTRATION OF CREDIT RISK

The Foundation has cash in two financial institutions that is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each institution. At various times throughout the year, the Foundation may have cash balances that exceed the insured amount. Management does not believe this concentration of cash results in a high level of risk for the Foundation.

NOTE 7 - ENDOWMENTS

The Foundation follows the State of Colorado's Uniform Prudent Management of Institutional Funds Act (UPMIFA).

As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

NOTE 7 – ENDOWMENTS-continued

Interpretation of Relevant Law

The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. In accordance with the standard of prudence prescribed by UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the organization
7. The investment policies of the organization

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that meet the expected return of at least 5 percent greater than the rate of inflation as measured by the Consumer Price Index while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately the Consumer Price Index plus 5% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objective, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year, starting July 1, 2012, 5 percent of the fair value of a fund's net assets on June 30. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 3 percent annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

PRESBYTERIAN FOUNDATION OF BOULDER
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 Notes to Financial Statements
 December 31, 2019

NOTE 7 – ENDOWMENTS-continued

Endowment Net Assets

The Foundation holds a donor-restricted endowment fund. This fund, along with other donor and board-restricted funds, is reported on the statement of financial position as net assets with donor restrictions.

The Foundation had the following changes in endowment assets for the years ended December 31:

	<u>2019</u>	<u>2018</u>
Endowment net assets, beginning of year	\$ 181,656	\$ 207,897
Investment return:		
Investment income	7,427	4,238
Realized/unrealized gain (loss)	29,032	(16,547)
Total Investment return	<u>36,459</u>	<u>(12,309)</u>
Appropriations for expenditure	(10,220)	(10,283)
Management fees	<u>(3,441)</u>	<u>(3,649)</u>
Endowment net assets, end of year	<u>\$ 204,454</u>	<u>\$ 181,656</u>

NOTE 8 – DONOR ADVISED FUNDS

In 2010, a donor advised fund was established in the Foundation for the purpose of the maintenance, repair and construction of facilities to be used by First Presbyterian Church or for any other uses which furthers the promulgation and effectuation of the Gospel of Jesus Christ. The balance of the fund at December 31, 2019, was \$599,438.

NOTE 9 – AGENCY FUNDS

On May 4, 2018 First Presbyterian Church transferred cash to the Foundation with the intent of establishing an agency fund without variance powers. In accordance with SFAS 136, the Foundation has recorded both an asset and a liability in its statement of financial position. As of December 31, 2019, the fair market value of this agency fund was \$320,502.

NOTE 10 - FIRST PRESBYTERIAN CHURCH

The Presbyterian Foundation of Boulder was established in 2008 and is a 501c(3) charitable organization. The Board of Directors is independent from the Church, however the church appoints two Elders on Session and one Trustee to the Board and church members may serve on the Board. Board members are elected by the existing Board. Additionally, the Church and its Trustees exercise no control over the Foundation's operations. During the year ended December 31, 2019, the Church made a donation of \$251,000 to the Foundation.

PRESBYTERIAN FOUNDATION OF BOULDER
 dba FaithBridge Foundation
 Notes to Financial Statements
 December 31, 2019

NOTE 11 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Foundation's primary sources of support are contributions, management fees, and investment income. The following table reflects the Foundation's financial assets (cash, cash equivalents, and investments) as of December 31, 2019 and 2018, reduced by amounts not available for general expenditures within one year, perpetual endowments, or because the board has set aside the funds for future expenditures. Amounts available include the annual donor release from restriction of 5% of the endowment fund. The board designated reserves could be drawn upon if the board approves that action.

	2019	2018
Total financial assets	\$1,093,765	\$ 723,492
Less those unavailable for general expenditure within one year due to:		
Purpose restrictions	985	985
Perpetual endowments (net of estimated release)	194,231	172,573
Donor-advised funds	599,438	291,122
Financial assets available to meet cash needs for general expenditures within one year	\$ 299,111	\$ 258,812

NOTE 12 - SUBSEQUENT EVENTS

In October 2019, the Foundation submitted an application to the IRS for determination to be classified as a Type III Integrated Auxiliary of the First Presbyterian Church of Boulder under IRC Section 509(a)(3). The status of this application is pending.

In March 2020, the COVID-19 virus was declared a global pandemic. As governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic, the negative economic impact could continue for months, however the Foundation's management is confident it has the resources to continue to fulfill its vision to build an endowment in partnership with First Presbyterian Church of Boulder. Even with a 5% decline in the value of its endowment account, the Foundation estimates it still has the financial reserves to meet its cash needs for general expenditures within one year.

In May 2020, the Foundation changed its name to "Grace Commons Foundation" in alignment with the First Presbyterian Church of Boulder's name change to "Grace Commons Church".

Management has evaluated subsequent events through June 8, 2020, the date on which the financial statements were available to be issued.